

AMENDED IN SENATE AUGUST 17, 1999

AMENDED IN SENATE JULY 7, 1999

AMENDED IN ASSEMBLY MAY 28, 1999

AMENDED IN ASSEMBLY MAY 25, 1999

AMENDED IN ASSEMBLY APRIL 20, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

## ASSEMBLY BILL

**No. 1534**

**Introduced by Assembly Member Runner**  
*(Principal coauthor: Senator Polanco)*  
**(Coauthors: Assembly Members Aroner, Ashburn, Bock,**  
**Olberg, and Strom-Martin)**

February 26, 1999

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~~An act to add Sections 11155.25 and 11155.4 to, and to repeal Article 3 (commencing with Section 18238) of Chapter 3.3 of Part 6 of Division 9 of~~ *An act to amend Section 18238 of, and to add Section 18239.5 to, the Welfare and Institutions Code, relating to public social services, and making an appropriation therefor.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 1534, as amended, Runner. Microenterprise development.

Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states. Existing law provides for the CalWORKs program for the allocation of

federal funds received through the TANF program, under which each county provides cash assistance and other benefits to qualified low-income families.

Existing law permits the State Department of Social Services, with the consent of participating counties, to implement demonstration projects to provide self-employment training and technical assistance to CalWORKs recipients and persons at risk of receiving these benefits.

~~This bill would repeal these provisions.~~

This bill would authorize the Trade and Commerce Agency, with the consent of participating counties, to issue Microenterprise Technical Assistance Grants to microenterprise assistance providers who assist *current and former* CalWORKs program beneficiaries and ~~persons at less than 200% of the federal poverty level parents eligible for a CalWORKs diversion program at the county level,~~ including assistance in establishing a microenterprise, ~~and would define.~~ *It would modify the definitions of a microenterprise and a microenterprise assistance provider for these purposes of the existing demonstration project provisions and apply those provisions to the bill.*

This bill, in addition, would appropriate \$5,000,000 from the federal TANF block grant ~~amount~~ *funds* received by the state to the Trade and Commerce Agency ~~to be used as funds to match private nonstate and public nonstate funds available for technical assistance programs for microenterprises employing persons with an income that is less than 200% of the federal poverty level or recipients of benefits under the CalWORKs program provided that matching funds are available for purposes of these technical assistance grants.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of  
2 the following:

(a) Microenterprise is an effective way to supplement job creation and help individuals become self-sufficient or move their families off welfare.

(b) Individuals who seek to create their own employment opportunities through microenterprise could benefit from training, technical experience, access to capital, and support services as they seek to become self-sufficient through self-employment.

(c) Examples of microenterprise include child development services, landscaping businesses, building maintenance and cleaning services, desktop publishing, and food production and retailing.

(d) It is the intent of the Legislature to expand access of individuals to microenterprise training in order to create new jobs that contribute to self-sufficiency and family support.

~~SEC. 2. Section 11155.25 is added to the Welfare and Institutions Code, to read:~~

~~11155.25. For purposes of this article:~~

~~(a) "Microenterprise" means a small business in which an individual works as his or her own employer. Microenterprise businesses include service, retail, and production businesses.~~

~~(b) "Microenterprise assistance provider" means a public agency, a nonprofit agency meeting the requirements of Section 501(c)(3) of the federal Internal Revenue Code, that is exempt from taxation under Section 501(a) of the Internal Revenue Code, or a private entity that provides or intends to provide self-employment training, technical assistance, and access to microloans to individuals seeking to become self-employed or to expand their current business.~~

~~SEC. 3. Section 11155.4 is added to the Welfare and Institutions Code, to read:~~

~~11155.4. (a)~~

~~SEC. 2. Section 18238 of the Welfare and Institutions Code is amended to read:~~

~~18238. For the purposes of this article:~~

~~(a) "Microenterprise" means a small business, of five or fewer employees, in which a participant—an individual~~

1 works as his or her own employer. *Microenterprise*  
2 *businesses include service, retail, and production*  
3 *businesses.*

4 (b) “Microenterprise assistance provider” means a  
5 public agency ~~or~~, a nonprofit agency meeting the  
6 requirements of Section 501(c)(3) of the federal Internal  
7 Revenue Code, that is exempt from taxation under  
8 Section 501(a) of the Internal Revenue Code, ~~and~~ *or a*  
9 *private entity, that provides or intends to provide*  
10 *self-employment training, technical assistance, and*  
11 *access to microloans to individuals seeking to become*  
12 *self-employed or to expand their current business.*

13 *SEC. 3. Section 18239.5 is added to the Welfare and*  
14 *Institutions Code, to read:*

15 *18239.5. (a) In addition to the demonstration*  
16 *projects established pursuant to Section 18239, the Trade*  
17 *and Commerce Agency shall award grants in accordance*  
18 *with this section.*

19 (b) With the consent of participating counties, the  
20 Trade and Commerce Agency shall issue Microenterprise  
21 Technical Assistance Grants to microenterprise  
22 assistance providers ~~who~~ *that* assist microenterprises  
23 ~~employing persons with incomes less than 200 percent of~~  
24 ~~the federal poverty level or recipients of benefits under~~  
25 ~~the CalWORKs program owned or operated by, or~~  
26 *employing CalWORKs recipients or those at risk of*  
27 *receiving CalWORKs benefits, and that are expanding an*  
28 *existing business or starting a new business. “Assistance”*  
29 *includes assistance to persons to establish a*  
30 *microenterprise or to support or expand an existing*  
31 *microenterprise. The Trade and Commerce Agency shall*  
32 *issue no fewer than 12 and no more than 15 grants to*  
33 *qualifying providers, except that if nonstate matching*  
34 *funds become available the agency shall issue no fewer*  
35 *than 24 and no more than 30 grants to qualifying*  
36 *providers. One of the counties in which grants shall be*  
37 *issued shall be Los Angeles County. In addition, grants*  
38 *shall be issued in at least one northern California county.*

39 ~~(b)~~

(c) The self-employment training shall include development and evaluation of a business plan for viability, capitalization of a microenterprise, assisting the recipient to determine if self-employment is suitable to the recipient's aptitudes and family dependent care obligation, marketing strategies, business location analysis, direct technical assistance in the development of a microenterprise, and other subjects as necessary to achieve proficiency in basic business skills. The training shall include periodic assistance or case management, as needed, for up to one year after the participant's self-employment has commenced, to assist participants in overcoming any initial difficulties.

~~(c)~~

(d) The Trade and Commerce Agency shall solicit proposals from microenterprise assistance providers seeking to administer a grant under this section on a not-for-profit basis. The Trade and Commerce Agency shall encourage financial participation from private entities for the purpose of including more individuals in their activities with respect to a grant under this section.

~~(d)~~

*(e) Local microenterprise assistance providers shall, in order to be eligible for grants under this section, have at least two years' experience and demonstrated success in providing assistance to recipients of CalWORKS benefits and other low-income individuals to create their own jobs through self-employment.*

(f) The Trade and Commerce Agency shall implement this section only if funds are appropriated for the purposes of this section in any fiscal year in the annual Budget Act.

~~SEC. 4. Article 3 (commencing with Section 18238) of Chapter 3.3 of Part 6 of Division 9 of the Welfare and Institutions Code is repealed.~~

~~SEC. 5.~~

*SEC. 4. The sum of five million dollars (\$5,000,000) is hereby appropriated from the federal TANF block grant amount Temporary Assistance for Needy Families block grant funds received by the state to the Trade and*

1 Commerce Agency ~~to be used as funds to match,~~  
2 *provided that matching* private nonstate and public  
3 nonstate funds ~~available~~ *are available,* for technical  
4 assistance programs for microenterprises ~~employing~~  
5 ~~persons with an income that is less than 200 percent of the~~  
6 ~~federal poverty level or recipients of benefits under the~~  
7 ~~CalWORKs program.~~ *made up of CalWORKs recipients,*  
8 *former CalWORKs recipients, and parents eligible for a*  
9 *CalWORKs diversion program at the county level.*

